DOCUMENT RESUME

ED 450 283 CE 081 448

AUTHOR	Gau, Rebecca
TITLE	The Workforce Investment Act of 1998 and Arizona's Workforce Development System. Issues in Brief.
INSTITUTION	Arizona State Univ., Tempe. Morrison Inst. for Public Policy.
PUB DATE	2000-02-28
NOTE	8p.; "On behalf of Greater Phoenix Leadership."
AVAILABLE FROM	For full text: http://www.asu.edu/copp/morrison/public/wia.pdf.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Access to Education; Career Information Systems; Corporate Support; Delivery Systems; Education Work Relationship; Educational Needs; *Employment Programs; *Federal Legislation; Federal Programs; *Job Training; *Labor Force Development; *Labor Needs; Partnerships in Education; Postsecondary Education; Program Development; Program Implementation; School Business Relationship
IDENTIFIERS	*Arizona (Phoenix); Career Centers; *Workforce Investment Act 1998

ABSTRACT

This brief provides information about the Workforce Investment Act (WIA) of 1998, how it will be implemented in the greater Phoenix, Arizona, area, and the program's relevance to business. The brief also discusses the current work force development system, including information on these five areas of interest: (1) what the literature says about work force development; (2) Arizona's current work force development system; (3) an overview of the WIA; (4) what's really new in the new system; and (5) what's in it for Arizona's business community. The report concludes that research and several prominent business organizations suggest that businesses can become involved in WIA in a number of ways that benefit companies as well as society, including participating on Local Workforce Investment Boards; using the one-stop career centers to fill employment needs; opening such centers; becoming approved training providers; suggesting potential board members; providing additional funds to boards; helping design and oversee local work force development programs; and providing information to the local boards and one-stop centers (KC)

Reproductions supplied by EDRS are the best that can be made
from the original document.

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
L. Bierlein
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

ED 450 283

MORRISON INSTITUTE ASU

ISSUES IN BRIEF

on behalf of Greater Phoenix Leadership

February 28, 2000

The Workforce Investment Act of 1998 and Arizona's Workforce Development System

Purpose and Introduction

The purpose of this brief is to provide information about the Workforce Investment Act of 1998 (WIA), how it will be implemented in the greater Phoenix area, and the program's relevance to business. In order to put WIA in context, this brief also discusses the current Workforce Development System. Prepared by the Morrison Institute for Public Policy at the request of Greater Phoenix Leadership, the information contained in this report is intended for a business audience. It does not advocate any particular stance, make a policy recommendation, or suggest taking any action, but rather presents a platform from which the business community might choose a position. The report presents five areas of interest:
(1) what the literature says about Workforce Development,
(2) Arizona's current workforce development system,
(3) an overview of the Workforce Investment Act of 1998,
(4) what's really new in the new system, and
(5) what's in it for Arizona's business community.

What the Literature Says

Current workforce development literature suggests that ***a good system will best serve businesses and respond to the changing economy if:***

- **employers are fully vested partners**, and not just advisors or occasional users
- **government's role is reduced** to an advisor or broker of public/private partnerships, rather than the provider of services
- **access to services is universal**, including all adults and incumbent workers, rather than targeted only toward the unemployed or disadvantaged
- **training is "work-centered,"** meaning that rather than sitting in a classroom, trainees practice skills through on-the-job training or other practical applications.

The new law makes a system like this possible, if business takes an active role in the design, development, implementation, and evaluation of local One-Stop Career Centers, and local training options. However, the feasibility of universal access is limited because funding is limited, and special populations (the unemployed and disadvantaged) get funding priority.

Arizona's Current Workforce Development System

The national Business Roundtable says, "the goal of workforce training should be empowering workers with

CE051448

BEST COPY AVAILABLE

competencies to meet global competitive challenges." Within that broad context, Arizona's system consists of three components: (1) Arizona's Workforce Development System Comprehensive Plan, and its various programs which aid individuals and employers, (2) public schools (including universities and community colleges), and (3) corporate training. While this report concentrates on the Comprehensive Plan and its successor, the Strategic Five-Year State Workforce Investment Plan, both of these plans deal primarily with special populations, such as laid off workers, the disadvantaged, and the disabled. These populations are simply not a significant labor pool for employers, especially given the disconnect (actual or perceived) between the types of training they receive through state programs and the types of training employers need. The more typical hire has received the necessary skills and attitudes from schools and corporate training. However, given projections of labor shortages, when the business community looks for adequately trained workers and ways to upgrade the skills of current employees to keep up with new technologies, it may become necessary for employers to look for new ways to interact with ***all three parts of the system***.

Arizona's Workforce Development System Comprehensive Plan

- consists of 34 major state and federally-funded job training programs, with available funding over $200 million annually
- is effective from January 1, 1998 to December 31, 2000
- laid the groundwork for the Strategic Five-Year State Workforce Investment Plan, WIA, and One-Stop Career Centers.

Taken as a whole, the 34 state and federally funded programs can provide employers with comprehensive workforce development services. Employers can tap into these programs either by forming partnerships with the public sector or by applying for training grants and tax credits. Local workforce development officials cite several of these programs as particularly relevant to business. For example:

- **Workforce Recruitment and Job Training Program** is the only program of the 34 that provides funding directly to business. Employers apply for a reimbursement grant of up to 75% of their training costs associated with creating new positions and hiring new employees to fill them. Pending approval of a State House Bill (HB 2628), this program will become the Arizona Job Training Program. If passed, employers will be eligible for reimbursement of incumbent worker training as well, though they will not be reimbursed for recruitment expenses.
- **Nine federally funded Job Training Partnership Act (JTPA) programs**, which will be consolidated into three WIA programs, focus on the disadvantaged, the dislocated worker, and youth programs by defining the eligibility of these populations for funding. Local boards, which business must chair and maintain a majority representation, design training for the target populations based on local business needs. The local boards also use JTPA dollars to fund community training providers.
- **Apprenticeship** is a training process that immediately puts the apprentice in the work position, solving a labor shortage while training. The training process is based on national industry skill standards, but can be customized for the individual and business.
- **School to Work** creates a long-term pipeline (3-5 years) for employees because high school students—and sometimes junior high and elementary school students —participate in activities that introduce them to the world of work. As employers actively participate, students learn more about potential careers and can target their training choices to match a potential future employer.
- **Rehabilitation Services Administration** uses federal funding for vocational rehabilitation training of disabled workers. Employers can help direct the types of training offered based on their business need by developing a relationship with the agency.
- **DES Job Services** can act as a staffing agency with many options. For example, businesses can advertise jobs through a database, and DES will refer potential candidates.

Overview of the Workforce Investment Act of 1998

Designed to consolidate JTPA programs and create a more comprehensive federal workforce investment program, the federal law requires that State Workforce Investment Boards create plans establishing Local Workforce Investment Areas. In turn, each area has a Local Workforce Investment Board that creates a plan to establish One-Stop

Career Centers. The One-Stop Career Centers house a variety of activities—from employment data workstations, to job postings, to supplying training vouchers. The Local Workforce Investment Board oversees such important decisions as who will run the Center, how much a training voucher should be, and who should give the training.

The Federal Program in Arizona

- is funded through block grants—about $40 million for WIA, and $10 million for Wagner-Peyser (supports labor market information systems—though it is funded separately, the new law mandates that it is planned as part of WIA activities). WIA only represents a few of the programs, and the total funding level for workforce development (currently over $200 million) will not decrease. Figure 1 shows the three funding streams for adults, dislocated workers, and youth, under WIA. It also shows the other workforce development programs in Arizona.
- serves adults, dislocated workers, and youth through three funding streams.
- goes into effect July 1, 2000 and expires in 2003. Often, Congress re-authorizes these types of programs so that they can continue for many years. However, Workforce Investment Boards can file for 501c(3) status, allowing them to generate an income so they can be self-sustaining even if federal funding ends.
- mandates certain aspects of State's Workforce Investment Systems, such as:
  - **Business-led Workforce Investment Boards** that "build" and oversee One-Stop Career Centers. Like JTPA, boards oversee vendors that provide skill training, though ***under WIA the boards actually select and approve the vendors, set evaluation criteria, discontinue relationships if vendors do not perform well, and control the funding of training vouchers, capital equipment (such as computers) personnel (such as case workers), and all other One-Stop Career Center functions***. Also like JTPA, boards link the types of skills taught to labor market needs, must be chaired by a business member, consist of over 50% business members, and include certain public-sector partners such as the Department of Economic Security (DES).
  - **One-Stop Career Centers** provide *Core Services* for anyone who cares to use them—employed or not. This includes an initial assessment of skills and needs, limited career counseling, limited job search and placement assistance, employment statistics, etc. *Intensive Services* are for those unable to obtain employment through Core Services, and include group counseling, case management, and a comprehensive assessment of skill and service needs. *Training Services* are for adults and dislocated workers

Figure 1: Funding

Approximately $200 million

Workforce Investment Act
$50 million

$40 million
- 1/3 for dislocated workers
  - 60% allocated to local areas
  - 15% for statewide activities
  - 25% for state rapid response activities
- 1/3 for adults
  - 85% allocated to local areas
  - 15% for statewide activities
- 1/3 for youth
  - 85% allocated to local areas
  - 15% for statewide activities

$10 million
- Wagner-Peyser

Other Workforce Development Programs
$150 million

Federal Funding
- Carl Perkins Basic Grant
- Carl Perkins Secondary Grant
- Carl Perkins Post-Secondary Grant
- Carl Perkins Tech-Prep
- School-to-Work (ends 12-2000)
- Food Stamp Employment and Training Program (small state match)
- NAFTA-TAAP
- Refugee Resettlement Program
- Senior Community Service Employment Program
- Trade Adjustment Assistance Program
- Veteran Services Program
- Alien Employment Certification Program
- Work Opportunity Tax Credit

State Funding
- Secondary Vocational Education Program
- Rehabilitation Services Program
- Arizona's Apprenticeship System
- Job Training Program

Funding by Both
- Adult Education Program
- Employment Support Services Program
- JOBS Program
- Vocational Rehabilitation Services Program

BEST COPY AVAILABLE

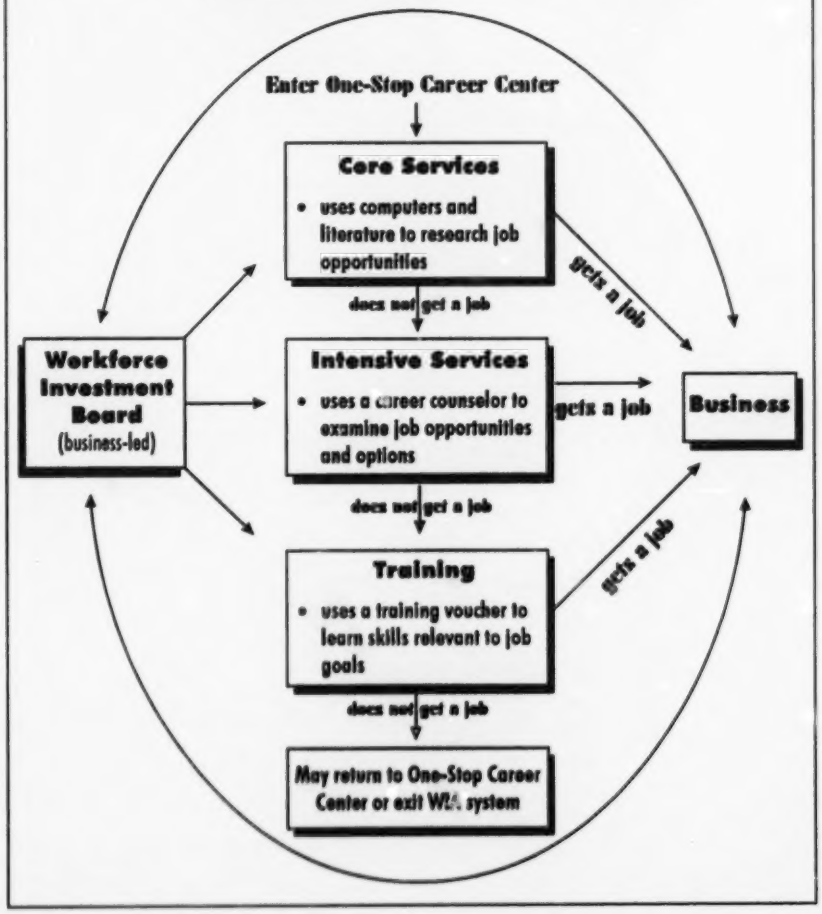
who were unable to obtain work through Intensive Services. The worker then qualifies for a training voucher to choose among occupational training options (see Figure 2). ***The business-led Local Workforce Investment Board determines the specific services offered at each level, as well as the funding for each.***

- **Individual training accounts** (training vouchers) allow the individual to choose training from the list of approved vendors, established by the Local Workforce Investment Board. Trainees can take their vouchers to training in other Workforce Investment Areas. The vouchers provide a mechanism for competition among vendors. ***The Local Workforce Investment Board determines the dollar amount of vouchers, and the number available to trainees.***
- **Performance evaluations** for training vendors will report information to customers. This helps the individual choose the best quality training available, and allows the Local Workforce Investment Board to determine if vendors should be removed from the approved list. ***The Local Workforce Investment Board, in cooperation with the state, sets the criteria for the evaluation, and determines the incentives and consequences for vendor performance.***
- **State and local accountability** can lead to sanctions of up to 5 percent of a state's grant if it does not meet performance targets. Local Workforce Investment Boards can be decertified and replaced.
- **Youth Programs** are developed by a subcommittee of the Local Workforce Investment Board, called the Youth Council. These subcommittees determine how to distribute the WIA funds that go to summer and year-round programs for youth.

Arizona's Strategic Five-Year State Workforce Investment Plan

Submitted to the U.S. Secretary of Labor in March, the plan follows the mandates and provisions in the federal fct, with a focus on linking training programs to GSPED clusters. Arizona has identified eleven clusters—that is, concentrations of competing, complementary, and interdependent firms and industries that create wealth,

Figure 2:
Navigating Through a One-Stop Career Center


Enter One-Stop Career Center
Core Services
• uses computers and literature to research job opportunities
does not get a job
gets a job
Workforce Investment Board (business-led)
Intensive Services
• uses a career counselor to examine job opportunities and options
gets a job
Business
does not get a job
Training
• uses a training voucher to learn skills relevant to job goals
gets a job
does not get a job
May return to One-Stop Career Center or exit WIA system

exports, and share needs for common talent, technology, and other resources. Developers of the state plan assure that training vendors do not have to be within a cluster, and Local Workforce Investment Boards can approve any vendor that meets the criteria boards have developed. However, the desire is for clusters to be highlighted as offering high-paying jobs with a lot of growth as Arizona woos more firms in these areas and develops the cluster networks.

In the State Plan...

- The 34 current programs are consolidated into 24. Of those 24, four will be under the WIA umbrella (dislocated worker, adult, youth, and Wagner-Peyser) and funded by two block grants (about $40 million for WIA, and $10 million for Wagner-Peyser). The approximately $150 million for the 20 other programs will remain separate and is unaffected by WIA.
- The division of the approximately $50 million in federal funding is based on a state formula and is then distributed to each Local Workforce Investment Board. As of February 2000, the formula is still being discussed by the Governor's Council on Workforce Development Policy, pending federal clarification of the "hold harmless" clause. State officials anticipate that it will be divided equally among dislocated worker, adult, and youth funding streams.
- ***Each Local Workforce Investment Board assesses its own local needs***, and can hire any new case workers and take whatever steps the board thinks necessary to fulfill the mission of the One-Stop Career Center.
- ***Each Local Workforce Investment Board establishes its own budget for training vouchers.*** Some local boards are making arrangements for state DES employees to reside in the One-Stop Career centers, while on their agencies' payroll, thus using less money for One-Stop Career Center case workers and leaving more money for training vouchers.
- Arizona will have 16 Workforce Investment Areas. Within the greater Phoenix area there will be two Workforce Investment Areas, one for the city of Phoenix, and one for the rest of Maricopa County. Bill MacDonald is the Chair of the Phoenix Workforce Investment Board, and Diane McCarthy is the Chair of the Maricopa County Workforce Investment Board. Figure 3 discusses these Workforce Investment Areas in more detail.

Figure 3:
A First Look at Local Workforce Investment Areas

Maricopa County...

- set up two One-Stop Career Centers prior to WIA, one in Glendale and one in Mesa. There are also satellite centers in Avondale and Scottsdale, as well as electronic links to self-directed One-Stop Career Center services (such as labor market information) at 12 locations.
- established goals which include: building strategic alliances with key stakeholders; serving as a recognized resource on workforce development issues affecting the Maricopa County service delivery area; meeting the emerging needs of system customers and stakeholders; and enhancing system accountability and service quality.
- in 2000, expects to serve a bit over 9000 people (excluding youth)
  - 5252 adults, over 40% of which must be dislocated workers, through *core services*.
  - 3216 adults, 60% of which must be dislocated workers, through *intensive services*
  - 845 adults, over 50% of which must be dislocated workers, through *training*.
  - Participation in core and intensive services is expected to increase slightly by 2002, but training will stay the same.

City of Phoenix...

- set up a One-Stop Career Center at the Career Redevelopment Center. The system will expand to include several comprehensive and satellite locations.
- established goals which include: developing a flexible workforce system that stays ahead of workforce demands, labor market trends, and is focused on economic development; improving the quality of the workforce; and assisting the business community in creating incumbent worker career opportunities.
- in 2000, expects to serve 2400 people (excluding youth)
  - 1250 adults, over 50% of which must be dislocated workers, through *core services*.
  - 750 adults, over 50% of which must be dislocated workers, through *intensive services*.
  - 400 adults, 50% of which must be dislocated workers, through *training*.
  - Participation in all areas is expected to decrease slightly by 2002.

BEST COPY AVAILABLE

What's Really New?

Changes in the Workforce Development System:

- The 34 workforce development programs in the state were fragmented under different "umbrellas." Now some funding streams are consolidated and the number of programs is reduced, but many have the same function as before and the total funding level stays the same.
- Though not part of WIA, the state's revamped Job Training Program will reimburse employers for upgrading training of incumbent workers.

The Workforce Investment Act:

- Adds a voucher/vendor system, instead of standard contracts with training providers.
- The 85% local/15% state funding sends a larger percentage to the local areas. Previously the split was 77%/23%.
- Redefines the population served by the One-Stop Career Centers to include adults (from disadvantaged adults) and youth (from disadvantaged youth and summer youth), but the programs which are now housed at the One-Stop Career Center are basically the same programs as before.
- Creates One-Stop Career Centers universally, where before they required special implementation grants.
- Includes educational components not necessarily linked to the Arizona Department of Education—depending upon the Local Workforce Investment Board's decision.
- Mandates state tracking of programs using 17 Federally defined indicators.
- Mandates tracking of provider's outcomes (completion rates, placement, and earnings) using benchmarks established by State and Local Workforce Investment Boards, and that this information is provided to the client.

While WIA does provide service to all adults through core services, it still offers the most funding, and intensive services, to the special populations that were previously defined by JTPA—dislocated workers, disadvantaged adults, and disadvantaged youth. Further, there has always been an opportunity for business to influence the system. Developers of the state and local plans believe that WIA consolidates the bureaucracy to enhance what business can get out of it. However, it is still up to businesses to do the initial outreach if they require assistance.

What's in It for Arizona's Business Community?

If a business is interested in upgrading incumbent workers' training or addressing needs of the more "typical" workforce, the system addressed by the Workforce Investment Act may not fill its needs. However, if a business is interested in basic-skilled, entry-level employees that can be retrained in the future, the new system can provide workers.

The new system is supported by three prominent organizations—The Business Roundtable, U.S. Chamber of Commerce, and National Alliance of Business. They see the changes in the system as positive and support an active, leadership role in the workforce development system. Figure 4 also shows an example of how business can benefit.

These prominent organizations suggest that ***Businesses Can...***

- **Actively participate on Local Workforce Investment Boards**, laying the foundation for quick response in tight labor market situations, and a long-term focus on specific skills, competencies, and positions that local businesses need by providing jobs

Figure 4:
What's In It for Arizona Businesses?

There are a number of ways that businesses can provide input to, and receive services from, the workforce development system—whether on the Local Workforce Investment Board or not. Here's one example:

An employer needs to hire 200 new highly skilled employees and knows that Maricopa Community College (MCC) provides the exact training the employer needs. As a member of the Local Workforce Investment Board, or simply as a member of the business community, this employer encourages MCC to apply for status as a training vendor. The Workforce Investment Board votes to place MCC on the approved vendor list. Then, the employer specifies those skill requirements in a job advertisement at the One-Stop Career Center. People entering that One-Stop Career Center who are interested in working in that field see the specific skills required. If eligible, they go through the One-Stop Career Center's training services and find out that MCC offers those skills, take their vouchers to MCC, and get trained. They are trained in the right skills, aware of the job, and able to apply. If the employer also has a job placement relationship with MCC, access to the trainees is even more direct.

and skills information. As a member of a local workforce investment board, an employer:

- defines the local needs that the One-Stop Career Center can fulfill—including the employer's specific needs;
- identifies training resources that can meet those needs.

- **Use the One-Stop Career Centers** to fill employment needs. For example, a large firm in Georgia, feeling the effects of a tight labor market, is paying the state workforce development program to find and train 1000 employees. Businesses can use One-Stop Career Centers for many human resources functions, such as advertising jobs, getting referrals, screening applicants, and providing training.
- **Open One-Stop Career Centers**, if authorized by the Local Workforce Investment Board, as they can be operated by private or non-profit organizations. For example, if an employment staffing company felt that it would expand their market potential to have access to all the clients and businesses associated with the One-Stop Career Center, they may consider operating one.
- **Become approved training providers**, if a business knows it is going to need a lot of workers with a particular skill, and has a training department. That way, the business can have a direct link to potential employees, and ensure that the right skills are covered.
- **Provide additional funds to Local Workforce Investment Boards**, because Workforce Investment Boards can solicit funds from other sources.
- **Suggest potential members of Workforce Investment Boards**
- **Play a leadership role in the design and oversight of local workforce development programs**, such as ease of access, user-friendliness, and labor market relevance of the system.
- **Provide the Workforce Investment Board or One-Stop Career Center with specific information** about job opportunities, current skill needs, standards for skills, and other labor market information. For example, an employer can inform the Workforce Investment Board of an upgrade in the specific skill standards needed in its particular industry to help the WIB make informed decisions about approving and evaluating training vendors.
- **Provide feedback on the quality of training** to ensure sustained business confidence in the workforce system.

References for further information:

The Workforce Investment Act of 1998: A Guide for Chambers of Commerce, U.S. Chamber of Commerce, 1998, Washington D.C. Telephone: (202) 659-6000, website: www.uschamber.org

Website: "About One-Stop," Arizona Department of Economic Security, www.de.state.az.us/oscc/about.htm

Website: "Business Issues in the Implementation of the Workforce Investment Act: Potential Policy Issues," National Alliance of Business, www.nab.com/workforceinvestmentact/introduction/issues.cfm

Website: "Workforce Training and Development for U.S. Competitiveness," *The Business Roundtable*, www.brtable.org/document.cfm/48

Waits, Mary Jo and Judith A. Vandegrift. "The Achilles Heel of Future Economic Growth: The Workforce Development Challenge." *Economic Development Review*, Spring 2000.

Copies of the Federal Act can be viewed and printed from the website: usworkforce.org/Runningtext2.htm

Prepared by
Rebecca Gau

Morrison Institute for Public Policy
School of Public Affairs
College of Public Programs
Arizona State University
P.O. Box 874405
Tempe, AZ 85287-4405
Phone: 480-965-4525
Fax: 480-965-9219
www.asu.edu/copp/morrison

This work was prepared on behalf of Greater Phoenix Leadership, however, it does not necessarily reflect the official views of Greater Phoenix Leadership.

BEST COPY AVAILABLE